



RECEIVED

JUL 13 2010

40 Wall Street – 9th Floor
New York, New York 10005

**STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD**

*Sharon Robinson
Regulatory Filings Technician
P & C State Filing Unit
CNA Global Specialty Lines
Telephone: 212-440-7302
Facsimile: 212-440-2877
Sharon.robinson2@cna.com*

July 9, 2010

Director of Insurance
Illinois Department of Financial and Professional Regulation
Division of Insurance
Property and Casualty Compliance Unit
320 W Washington Street
Springfield IL 62767

FILED

SEP 01 2010

**STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS**

RE: American Casualty Company of Reading, PA NAIC No.: 20427 FEIN: 23-0342560 ✓
Healthcare Providers Services Organization Risk Purchasing Group
RATE/ Rates Filing
Filing No.: 10-00089-R

Honorable Commissioner:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the captioned rates and rules for use with our Healthcare Providers Services Organization Program currently on file with your department.

Attached for your review are:

- the actuarial memorandum which outlines the changes proposed by this filing;
- revised State exception pages,

We wish this filing to be applicable to all policies effective on or after August 15, 2010 for new business and renewals; or the earliest date permitted by your state.

Sincerely,

Sharon Robinson

Sharon Robinson

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MEM
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Jeh*

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1. This filing transmittal is part of Company Tracking #	10-00089R
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2. This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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☒ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3. Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
---	----------------

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
ACCO		4.4%	257,198	6,952	5,637,104	12%	0.0%

4b. Rate Change by Company (As Accepted) For State Use Only
--

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)
--

	COMPANY USE	STATE USE
5a. Overall percentage rate indication (when applicable)		
5b. Overall percentage rate impact for this filing		
5c. Effect of Rate Filing – Written premium change for this program		
5d. Effect of Rate Filing – Number of policyholders affected		

6. Overall percentage of last rate revision	5.3%
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7. Effective Date of last rate revision	7/12/2010
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8. Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
--	----------------

9. Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01 State Exception Pages	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

ILLINOIS DEPARTMENT OF INSURANCE

SUMMARY SHEET

 Change in Company's premium or rate level produced by rate revision effective 9/1/10 New - 11/1/10 Renewal

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private Passenger Commercial		
2. Automobile Physical Damage Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Medical Malpractice</u>	\$5,809,343	4.4%
Line of Insurance		

 Does filing only apply to certain territory (territories) or certain classes? If so, specify: Yes

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): _____

We are filing to change rates for our Ancillary Healthcare providers as well as firms (which are groups of healthcare providers).

Rate need is based on independent countrywide data. Please see Actuarial Memorandum & Supporting Actuarial Exhibits for details.

*Adjusted to reflect all prior rate changes.

**Change in Company's premium level which will result from application of new rates.

American Casualty Company of Reading, PA
Name of Company

Jennifer Kowall, FCAS
Manager, Healthpro Pricing
Official – Title

RECEIVED

JUL 13 2010

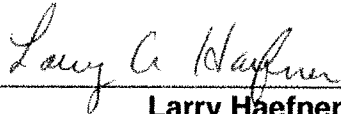
STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

ILLINOIS CERTIFICATION FOR
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Larry Haefner, a duly authorized officer of American Casualty Company of Reading, PA, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

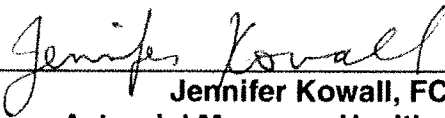
I, Jennifer Kowall, a duly authorized actuary of CNA Insurance Companies, am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.



Larry Haefner, FCAS
Chief Actuary

9/02/10
Date

Signature and Title of Authorized Insurance Company Officer



Jennifer Kowall, FCAS
Actuarial Manager, Healthpro pricing
Signature and Title of Authorized Actuary

9/02/10
Date

Insurance Company FEIN 23 - 0342560

Filing Number 10-00089R

Insurer's Address CNA Insurance Companies, 333 S. Wabash Ave

City Chicago State IL Zip Code 60604

Contact Person's:

- Name and E-mail Jennifer Kowall Jennifer.Kowall@cna.com

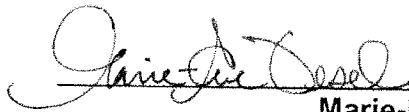
- Direct Telephone and Fax Number 312/822-2188

ILLINOIS CERTIFICATION FOR
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Marie-Eve Vesel, a duly authorized officer of American Casualty Company of Reading, PA, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

I, Jennifer Kowall, a duly authorized actuary of CNA Insurance Companies, am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

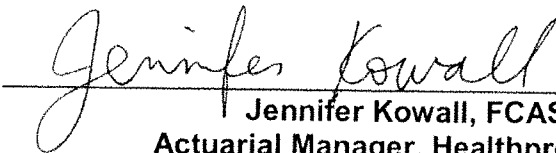


Marie-Eve Vesel, FCAS

Assistant Vice President, Healthpro Pricing

Signature and Title of Authorized Insurance Company Officer

6/09/10
Date



Jennifer Kowall, FCAS

Actuarial Manager, Healthpro Pricing

Signature and Title of Authorized Actuary

6/09/10
Date

Insurance Company FEIN 23 - 0342560 Filing Number 10-00089R

Insurer's Address CNA Insurance Companies, 333 S. Wabash Ave

City Chicago State IL Zip Code 60604

Contact Person's:

- Name and E-mail Jennifer Kowall Jennifer.Kowall@cna.com

- Direct Telephone and Fax Number 312/822-2188

Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Wednesday, November 03, 2010 6:26 PM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Neuman

We would like to request the September 1, 2010 effective date. Thank you.

Thanks,
Sharon

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, November 03, 2010 4:33 PM
To: Robinson, Sharon
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

You may request any date after July 13, 2010. I realize I incorrectly indicated the effective date you had requested which actually was September 1, 2010. Please advise.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [<mailto:Sharon.Robinson2@cna.com>]
Sent: Wednesday, November 03, 2010 3:05 PM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Hello Ms. Neuman

In response to your inquiry we have not put this filing into effective and would like to request to the earliest effective allowable by your state. Thank you and again I apologize for the miscommunication.

Thanks,
Sharon

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, November 03, 2010 2:50 PM
To: Robinson, Sharon
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

The Department of Insurance has now completed its review of the filing referenced above. Originally, American Casualty requested the filing be effective July 13, 2010. Was the filing put in effect on July 13, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: GAYLE.NEUMAN@ILLINOIS.GOV.

NOTICE: This e-mail message, including any attachments and appended messages, is for the sole use of the intended recipients and may contain confidential and legally privileged information.

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Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Wednesday, November 03, 2010 2:53 PM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

I am so sorry I thought this was Florida department of insurance. Please disregard my emails.

Thanks,
Sharon

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, November 03, 2010 2:50 PM
To: Robinson, Sharon
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

The Department of Insurance has now completed its review of the filing referenced above. Originally, American Casualty requested the filing be effective July 13, 2010. Was the filing put in effect on July 13, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

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Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, November 03, 2010 2:36 PM
To: 'Robinson, Sharon'
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

I am unsure who Mr. Boor is. Your response does not exactly make sense – it seems maybe two thoughts were run together. Please clarify.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [<mailto:Sharon.Robinson2@cna.com>]
Sent: Wednesday, November 03, 2010 2:31 PM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

I just submitted it through the portal has a response to Mr. Boor's objection to the filing.

Thanks,
Sharon

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, November 03, 2010 3:28 PM
To: Robinson, Sharon
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

Are you asking to withdraw the filing now, or indicating that you just recently requested the filing be withdrawn through other staff at this Department?

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [<mailto:Sharon.Robinson2@cna.com>]
Sent: Wednesday, November 03, 2010 2:23 PM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Hello Ms. Neuman

We just asked for this filing to be withdrawn from consideration so it can be resubmitted as 2 separate filings. The filing has not been put in effect.

Thanks,
Sharon

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, November 03, 2010 2:50 PM
To: Robinson, Sharon
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00089-R

Ms. Robinson,

The Department of Insurance has now completed its review of the filing referenced above. Originally, American Casualty requested the filing be effective July 13, 2010. Was the filing put in effect on July 13, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

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If you received this message in error, please immediately notify the sender by reply e-mail and delete this message in its entirety.

Mamoottile, Neetha

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Friday, September 03, 2010 10:36 AM
To: Mamoottile, Neetha
Subject: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R
Attachments: Illinois MedMal Certification 2010 9-2-10.PDF

Categories: American Casualty Company of Reading PA

Dear Ms. Mamoottile:

Thank you for your email dated August 31, 2010. Please note our following response to the issue you raised.

In response to your issue with our signed certification we attach a new certification.

Thank you

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Tuesday, August 31, 2010 11:03 AM
To: Robinson, Sharon
Subject: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Robinson,

According to Section 155.18(c)(3) of Illinois Insurance Code (215 ILCS 5/155.18(c)(3)), medical malpractice rate filings "shall be certified in such filing by an **officer of the company and a qualified actuary** that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience."

Ms. Marie-Eve Vesel, signed the certification accompanying the subject filing as Assistant Vice President of American Casualty Company of Reading, PA. However, we have yet to find evidence that Ms. Vesel is an authorized officer for American Casualty Company of Reading, PA. Please submit a certification form with the appropriate company officer signature.

The filing is considered incomplete without proper certifications. Please respond by September 7th, 2010.

Thank You,
Neetha Mamoottile

Neetha M. Mamoottile
Actuarial Assistant
Illinois Department of Insurance
Neetha.Mamoottile@illinois.gov
217-557-1397

NOTICE: This e-mail message, including any attachments and appended messages, is for the sole use of the intended recipients and may contain confidential and legally privileged information.

If you are not the intended recipient, any review, dissemination, distribution, copying, storage or other use of all or any portion of this message is strictly prohibited.

If you received this message in error, please immediately notify the sender by reply e-mail and delete this message in its entirety.

Mamoottile, Neetha

From: Kowall, Jennifer [Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 4:27 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Categories: American Casualty Company of Reading PA

Oh, ok. Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Thursday, September 02, 2010 4:25 PM
To: Kowall, Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Kowall,

You are a qualified actuary. The intent of the law is to have two separate people certify a rate filing, so we still require your signature for the qualified actuary section and Mr. Haefner's signature for the officer section.

Thank You,
Neetha Mamoottile

From: Kowall, Jennifer [mailto:Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 4:07 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Mamoottile,

One last question... am I still an authorized actuary? If not, I have Larry sign both lines.

Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Thursday, September 02, 2010 3:45 PM
To: Kowall, Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Kowall,

Mr. Larry Haefner does have a biographical affidavit on file with the Illinois Department of Insurance.

Thank You,
Neetha Mamoottile

From: Kowall, Jennifer [mailto:Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 3:33 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Mr. Motamed is our new CEO. Can't imagine I'll be walking into his office to get his signature.

Mamoottile, Neetha

From: Kowall, Jennifer [Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 4:25 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Categories: American Casualty Company of Reading PA

Nevermind. I will just have Larry sign it twice. If need be, can I send later next week? I'm not sure my chief actuary will be around due to the holiday.

Thanks.

From: Kowall, Jennifer
Sent: Thursday, September 02, 2010 4:07 PM
To: 'Mamoottile, Neetha'
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Mamoottile,

One last question... am I still an authorized actuary? If not, I have Larry sign both lines.

Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Thursday, September 02, 2010 3:45 PM
To: Kowall, Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Kowall,

Mr. Larry Haefner does have a biographical affidavit on file with the Illinois Department of Insurance.

Thank You,
Neetha Mamoottile

From: Kowall, Jennifer [mailto:Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 3:33 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Mr. Motamed is our new CEO. Can't imagine I'll be walking into his office to get his signature.

Is a Debi Ardern, Bob Arnot, or Dan Flick authorized? If not, how about Larry Haefner?

Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Thursday, September 02, 2010 3:30 PM
To: Kowall, Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Is a Debi Ardern, Bob Arnot, or Dan Flick authorized? If not, how about Larry Haefner?

Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Thursday, September 02, 2010 3:30 PM
To: Kowall, Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Kowall,

To compile a list of properly authorized officers for CNA would be time consuming considering the sheer volume of companies and officers. For American Casualty Co, our department does have biographical affidavits on 2 officers listed on your jurat page of the annual statement: Mr. Thomas Motamed and Mr. Jonathan Kantor.

In order to certify officers, please visit the website listed below. Go to the section labeled UCAA Forms, and you will find a word document for NAIC Biographical Affidavit. Please fill out that form and send the forms to the address listed below to my attention. If you still need an extension, please let me know.

Illinois Department of Insurance
320 W. Washington St,
Springfield, IL 62767

http://www.naic.org/industry_ucaa.htm

Thank You,
Neetha Mamoottile

From: Kowall, Jennifer [mailto:Jennifer.Kowall@cna.com]
Sent: Thursday, September 02, 2010 3:12 PM
To: Mamoottile, Neetha
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Mamoottile,

My filer is only in the office next Tuesday for the next week or so, can you please respond before then or extend our due date of Sept 7? Thanks.

From: Kowall, Jennifer
Sent: Wednesday, September 01, 2010 10:32 AM
To: 'Mamoottile, Neetha'
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Mamoottile,

I find this very surprising and interesting since we've never run across this issue before. Can you please send me a list of all properly authorized officers for CNA?

Can you also send me information on how to certify officers?

Thanks.

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Wednesday, September 01, 2010 10:06 AM
To: Kowall,Jennifer
Subject: RE: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Kowall,

Pursuant to Section 155.04(2) of the Illinois Insurance Code (215 ILCS 155.04(2)), all companies licensed to transact insurance business in Illinois must notify the Director within 30 days of the appointment or election of any new officers or directors. Section 915.40 of the Illinois Administrative Code (50 Ill. Adm. Code 915.40) further stipulates biographical affidavits of newly elected or appointed officers must be filed within 30 days after the person's election or appointment. Upon search of our records, we find no such biographical affidavit has been filed with the Department of Insurance for Ms. Marie-Eve Vesel. The subject filing is considered incomplete until a certification form with the appropriate company officer signature is submitted or until proper biographical affidavit documentation is filed.

Thank You,
Neetha Mamoottile

From: Kowall,Jennifer [mailto:Jennifer.Kowall@cna.com]
Sent: Tuesday, August 31, 2010 1:31 PM
To: Mamoottile, Neetha
Subject: FW: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Mamoottile,

I am the actuary who put together the filing and Ms. Vesel is my manager. I am wondering what sort of officer you are looking for if an Assistant VP does not qualify. Please advise.

I will send an official response once we sort out the issue. Thanks.

Jennifer Kowall

From: Robinson,Sharon
Sent: Tuesday, August 31, 2010 1:20 PM
To: Kowall,Jennifer; Stern,Adrienne H.
Subject: FW: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Hi Jennifer,

Can you take a look at this please.

Thanks,
Sharon

From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Tuesday, August 31, 2010 11:03 AM
To: Robinson, Sharon
Subject: ILDOI - American Casualty Company of Reading, PA - Rate Filing #10-00089-R

Ms. Robinson,

According to Section 155.18(c)(3) of Illinois Insurance Code (215 ILCS 5/155.18(c)(3)), medical malpractice rate filings "shall be certified in such filing by an **officer of the company and a qualified actuary** that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience."

Ms. Marie-Eve Vesel, signed the certification accompanying the subject filing as Assistant Vice President of American Casualty Company of Reading, PA. However, we have yet to find evidence that Ms. Vesel is an authorized officer for American Casualty Company of Reading, PA. Please submit a certification form with the appropriate company officer signature.

The filing is considered incomplete without proper certifications. Please respond by September 7th, 2010.

Thank You,
Neetha Mamoottile

Neetha M. Mamoottile
Actuarial Assistant
Illinois Department of Insurance
Neetha.Mamoottile@illinois.gov
217-557-1397

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If you received this message in error, please immediately notify the sender by reply e-mail and delete this message in its entirety.

Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Tuesday, August 24, 2010 3:22 PM
To: Neuman, Gayle
Cc: Kowall, Jennifer; Stern, Adrienne H.
Subject: IL American Casualty Co of Reading, PA - Filing #10-00089-R

Dear Ms. Neuman:

Thank you for your correspondence dated August 24, 2010. Please note our following response to the issues you raised.

As noted in the earlier objection and in our state pages, the only restriction is class as we have excluded nurse practitioner firms from the debit. No other criteria will determine use of this debit. It will apply to all firms excluding nurse practitioner firms.

Thank you

Sharon

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Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Monday, August 23, 2010 10:26 AM
To: Neuman, Gayle
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Dear Ms. Neuman:

Thank you for your correspondence dated August 18, 2010. Please note our following response to the issue you raised.

In response to your comment please note that the 10% debit will apply to all Firms except Nurse Practitioner Firms. We have excluded nurse practitioner firms so that they do not receive a compound rate increase of 21%.

Thank you.

Thanks,
Sharon

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, August 18, 2010 12:13 PM
To: Robinson, Sharon
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Sharon,

Please explain "a 10% Firm debit may apply". What factor or characteristic would this debit apply to?

I request receipt of your response by no later than August 25, 2010.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [mailto:Sharon.Robinson2@cna.com]
Sent: Wednesday, August 18, 2010 9:47 AM
To: Neuman, Gayle
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Gayle

1. We do not gather statistics for ratemaking purposes but we do report statistics to ISO (Insurance Services Office).
2. Our original requested effective date shall be 9/1/2010 for New Business and 12/15/2010 for Renewal.

So sorry for the delay with the response.

Thank you

Thanks,
Sharon

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Neuman, Gayle

From: Neuman, Gayle
Sent: Tuesday, August 24, 2010 11:08 AM
To: 'Robinson, Sharon'
Subject: RE: IL American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Robinson,

Are there any other restrictions for this 10% firm debit? Does it apply regardless of the number of health care professionals in the firm?

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [mailto:Sharon.Robinson2@cna.com]
Sent: Tuesday, August 24, 2010 7:33 AM
To: Neuman, Gayle
Cc: Stern, Adrienne H.
Subject: IL American Casualty Co of Reading, PA - Filing #10-00089-R

Dear Ms. Neuman:

Thank you for your objection dated August 23, 2010. Please note our following response to the issue you raised.

In response to your comment we have altered the wording in our State Exception pages to read "A 10% debit will apply to all Firms except Nurse Practitioner Firms."

Thank you.

Thanks,
Sharon

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**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

III. RATES (Cont.)

Counties: Cook, DuPage, Madison, St.Clair

XVI	A	5,324	5,324
	B	6,655	6,655
	C	7,986	7,986
	D	156	N/A
	E	5,324	5,324

Remainder of State

XVI	A	4,398	4,398
	B	5,498	5,498
	C	6,597	6,597
	D	156	N/A
	E	4,398	4,398

XVII	A	804	804
	B	156	N/A

B. Student Rates

The minimum rate for an individual healthcare student is \$35, except where otherwise specified in class rate schedule III. A.

C. General Liability

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150 minimum base rate subject to the provisions of rule XIX. F.

D. Student Blanket

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

E. A 10% Firm debit may apply.

Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Tuesday, August 24, 2010 7:33 AM
To: Neuman, Gayle
Cc: Stern, Adrienne H.
Subject: IL American Casualty Co of Reading, PA - Filing #10-00089-R
Attachments: IL HPSO State Pages 2010 v2.pdf

Dear Ms. Neuman:

Thank you for your objection dated August 23, 2010. Please note our following response to the issue you raised.

In response to your comment we have altered the wording in our State Exception pages to read "A 10% debit will apply to all Firms except Nurse Practitioner Firms."

Thank you.

Thanks,
Sharon

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Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, August 18, 2010 11:13 AM
To: 'Robinson, Sharon'
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Sharon,

Please explain "a 10% Firm debit may apply". What factor or characteristic would this debit apply to?

I request receipt of your response by no later than August 25, 2010.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Robinson, Sharon [mailto:Sharon.Robinson2@cna.com]
Sent: Wednesday, August 18, 2010 9:47 AM
To: Neuman, Gayle
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Gayle

1. We do not gather statistics for ratemaking purposes but we do report statistics to ISO (Insurance Services Office).
2. Our original requested effective date shall be 9/1/2010 for New Business and 12/15/2010 for Renewal.

So sorry for the delay with the response.

Thank you

Thanks,
Sharon

Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Wednesday, August 18, 2010 9:47 AM
To: Neuman, Gayle
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Gayle

1. We do not gather statistics for ratemaking purposes but we do report statistics to ISO (Insurance Services Office).
2. Our original requested effective date shall be 9/1/2010 for New Business and 12/15/2010 for Renewal.

So sorry for the delay with the response.

Thank you

Thanks,
Sharon

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, August 17, 2010 2:46 PM
To: Robinson, Sharon
Subject: RE: American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Robinson,

I am requesting a response to the below e-mail by August 20, 2010.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Neuman, Gayle
Sent: Wednesday, July 14, 2010 10:49 AM
To: 'Robinson, Sharon'
Subject: American Casualty Co of Reading, PA - Filing #10-00089-R

Ms. Robinson,

I am in receipt of the above referenced filing submitted with your cover letter dated July 9, 2010.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

The cover letter indicates the effective date to be on or after August 15, 2010. The RF-3 indicates the effective date to be 9/1/10 New – 11/1/10 Renewal. Although the date can be changed at a later time, I need to know what effective date you are originally requesting.

Your prompt attention is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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GAYLE.NEUMAN@ILLINOIS.GOV.

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**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

I. STATE ENDORSEMENTS

- A. Professional Liability**
- | | | |
|----------------------|--------------|---------------------------------------|
| State Provisions | G-123846-C12 | Mandatory on all policies |
| State Amendments | G-123829-C12 | Mandatory on all policies |
| State Amendments-ERP | G-123812-A12 | Mandatory on all claims-made policies |
- B. Student Blanket**
- | | | |
|----------------------|--------------|---------------------------------------|
| State Provisions | G-144931-A12 | Mandatory on all policies |
| State Amendatory | G-144932-A12 | Mandatory on all policies |
| State Amendatory-ERP | G-144933-A12 | Mandatory on all claims-made policies |

II. AMENDED RULES

- A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:**

The maximum debit or credit to be applied under this plan shall be limited to 25%.

- B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph H. is deleted in its entirety.**
- C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph J. is deleted in its entirety and replaced with the following:**

- J. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:**

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

- D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:**

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and

**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

III. RATES

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS	EMPLOYED	SELF-EMPLOYED
I A	87	242
B	102	343
C	102	286
II	102	343
III A	106	345
B	102	286
C	102	200
D	102	110
E	106	345
IV A	146	390
B	93	182
C	115	323
V	172	343
VI A	172	200
B	200	343
VII A	229	1,087
B	172	200
VIII A	183	263
B	166	239
C	86	86
IX A	164	467
B	83	234
X	---	---
XI A	789	972
B	1,113	1,376
C	1,440	1,778
D	1,768	2,184
E	275	N/A
F	592	729
XII	90	154
XIII	68	286
XIV	56	200
XV A	125	300
B	450	950
C	125	330
D	125	265

**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

III. RATES (Cont.)

Counties: Cook, DuPage, Madison, St. Clair

XVI	A	5,324	5,324
	B	6,655	6,655
	C	7,986	7,986
	D	156	N/A
	E	5,324	5,324

Remainder of State

XVI	A	4,398	4,398
	B	5,498	5,498
	C	6,597	6,597
	D	156	N/A
	E	4,398	4,398

XVII	A	804	804
	B	156	N/A

B. Student Rates

The minimum rate for an individual healthcare student is \$35, except where otherwise specified in class rate schedule III. A.

C. General Liability

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150 minimum base rate subject to the provisions of rule XIX. F.

D. Student Blanket

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

E. A 10% debit will apply to all Firms except Nurse Practitioner Firms.

American Casualty Company of Reading, PA
Healthcare Providers Service Organization
Professional Liability
ILLINOIS

Actuarial Memorandum

American Casualty Company of Reading Pennsylvania (ACCO) is proposing the following changes to its Healthcare Providers Service Organization program. The overall impact of these changes to the entire program is 4.4%. These changes are itemized below and all take place in the state exception pages:

1. **FIRMS** (Section III-E)

The countrywide rate indication is +26.7% (refer to Exhibit II, sheet 1 in file "Support Actuarial Exhibits 2010"). For now, we are only proposing a 10% increase by applying a 10% debit. We plan to manage this debit via underwriting guidelines on a class by class basis so that the application of this debit is consistent among our insureds.

2. **Ancillary Individual Healthcare Providers** (Section III-A)

The countrywide rate indication is +24.5% (refer to Exhibit II, sheet 2 in file "Support Actuarial Exhibits 2010"). For now, we are only proposing a 10% increase to the following base rates. For a list of class descriptions, please see below.

Class Num	Class Letter	Territory	CURRENT RATES		PROPOSED CHANGE	PROPOSED RATES	
			Employed	Self-Employed		Employed	Self-Employed
I	A		79	220	10.0%	87	242
I	B		93	312	10.0%	102	343
I	C		93	260	10.0%	102	286
II			93	312	10.0%	102	343
III	B		93	260	10.0%	102	286
III	C		93	182	10.0%	102	200
III	D		93	100	10.0%	102	110
V			156	312	10.0%	172	343
VI	A		156	182	10.0%	172	200
VI	B		182	312	10.0%	200	343
VII	A		208	988	10.0%	229	1,087
VII	B		156	182	10.0%	172	200
VIII	A		166	239	10.0%	183	263
VIII	B		151	217	10.0%	166	239
VIII	C		78	78	10.0%	86	86
XI	A		717	884	10.0%	789	972
XI	B		1,012	1,251	10.0%	1,113	1,376
XI	C		1,309	1,616	10.0%	1,440	1,778
XI	D		1,607	1,985	10.0%	1,768	2,184
XI	F		538	663	10.0%	592	729
XII			82	140	10.0%	90	154
XIII			62	260	10.0%	68	286
XIV			51	182	10.0%	56	200
XVI	A	Cook, DuPage, Madison, St Clair	4,840	4,840	10.0%	5,324	5,324
XVI	B	Cook, DuPage, Madison, St Clair	6,050	6,050	10.0%	6,655	6,655
XVI	C	Cook, DuPage, Madison, St Clair	7,260	7,260	10.0%	7,986	7,986
XVI	E	Cook, DuPage, Madison, St Clair	4,840	4,840	10.0%	5,324	5,324
XVI	A	Remainder	3,998	3,998	10.0%	4,398	4,398
XVI	B	Remainder	4,998	4,998	10.0%	5,498	5,498
XVI	C	Remainder	5,997	5,997	10.0%	6,597	6,597
XVI	E	Remainder	3,998	3,998	10.0%	4,398	4,398
XVII	A		731	731	10.0%	804	804

3. Students (Section III-B)

- We are proposing to increase the student rate from \$29 to \$35 (+20.7%) to keep up with inflation. The \$29 rate was approved in 2004. The \$6 increase was calculated using a generic inflation rate of 3% per year over 6 years. Please refer to the state rate page, section III-B.
- The word "minimum" was added for clarification purposes. The typical class limits will be provided for the stated minimum student rate of \$35. If lower limits are written, Decreased Limit Factors are not used to adjust the premium. However, if limits higher than \$1M/\$6M are required, Increased Limit Factors will be used to adjust the premium.

CLASS DESCRIPTIONS (Copied out of Countrywide Rating Manual)

Class	Description	ISO CODE
I	A Occupational Therapists	80721
	Occupational Therapy Assistant	80721
	Certified Occupational Therapy Assistant	80721
	B Respiratory Care Provider	80717
	Respiratory Therapist	80717
	C Respiratory Therapist Technician/Technologist	80717
	Chiropractic Assistant	80411
	Optometric Technician/Assistant	80944
	Podiatric Assistant	80943
II	Art Therapist	80967
	Dance Therapist	80967
	Music Therapist	80967
	Recreation Therapist	80945
III	A LPN/LVN	80963
	Registered Nurse	80964
	B Dietician	80720
	Nutritionist	80720
	C Bio-medical Technician/Technologist	80719
	Blood Bank Technician/Technologist	80719
	Cardiology Technician/Technologist	80719
	Certified Lab Technician/Technologist	80711
	Certified Medical Assistant	80719
	Clinical Lab Technician/Technologist	80711
	Community Health Assistant	80719
	Community Health Technician/Technologist	80719
	Diagnostic Medical Sonographer	80719
	Dialysis Technician/Technologist	80719
	EEG Technician/Technologist	80719
	EKG Technician/Technologist	80719
	Electrologist	80719
	Histologic Technician/Technologist	80719
	Medical Assistant	80719
	Medical Laboratory Technician/Technologist	80711
	Medical Records Administrator	80711
	Medical Records Technician/Technologist	80719
	Medical Technician	80719
	Medical Technician/Technologist Assistant	80719
	Medical Technologist	80719
	Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80719
	Phlebotomist	80719
	Radiation Therapist	80713
	Radiology Technician/Technologist	80719
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80713
	D Home Health Aide	80618
	E Clinical Nurse Specialist-No Prescriptive Authority	80965

CLASS DESCRIPTIONS (continued)

Class	Description	ISO CODE
IV	A Pharmacist	59112
	B Pharmacy Technician	59112
	C Podiatrist	80943
V	Circulation Tech	80945
	Perfusionist	80945
VI	A Massage Therapist	80718
	B Enterostomal Therapist	80945
	Orthopedic Assistant	80943
VII	A Athletic Trainer	80945
	B Exercise Physiologist	80945
	Fitness Professional	80945
	Health Educator	80711
	Kinesiologist	80945
	Personal Trainer, Certified	80945
	Sports Medicine Instructor	80945
VIII	A Paramedic	80723
	B Basic / Intermediate Emergency Medical Technician	80723
	C Volunteer Emergency Medical Technician	80723
IX	A Physical Therapist	80995
	Rehabilitation Therapist	80995
	Kinesiotherapist	80945
	Sports Medicine Therapist	80945
	Corrective Therapist	80945
	B Physical Therapist Assistant	80995
	Rehabilitation Assistant	80995
XI	Nurse Practitioners/Clinical Nurse Specialists	
	A Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80965
	B Psychiatric	80965
	C Pediatric / Neonatal / Family Practice / Acute Critical Care,	80965
	D Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics,	80965
	E Nurse Practitioner Student	80965
	F Clinical Nurse Specialist - Educator, Consultant, Administrator and Researcher	80965
XII	Audiologists	80716
	Speech Language Pathologist	80716
	Speech Hearing Therapist	80716
XIII	Dental Hygienists	80712
XIV	Dental Assistants	80712
	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80995
	Other Healthcare Aide (Excluding Home Health Aides)	80711

CLASS DESCRIPTIONS (continued)

Class	Description	ISO CODE
XV	A Social Worker Clinical	80723
	B Psychotherapist / Psychologist	80723
	C Alcohol/Drug Counselor	80723
	Case Manager	72990
	Clinical/Rehabilitation Counselor	80723
	Pastoral Counselor	80723
	School Counselor	80723
	D Marriage/Family Counselor	80723
XVI	A Physician Assistant Class 1	80116
	A PA who performs tasks ordinarily reserved for the Physician and who works under the direction and supervision of a licensed physician to assist the physician in the management of patients.	
	B Physician Assistant Class 2	80116
	A PA who is involved in any of the following: Assisting in surgery (other than observation) Trauma/Emergency room procedures/responsibilities (10 hours or less per week) Prenatal or Postnatal care Assisting in anesthesiology	
	C Physician Assistant Class 3	80116
	A PA who is involved in any of the following: Orthopedic surgery OB/GYN Surgery Cardiovascular Surgery Thoracic Surgery Trauma/Emergency Room – Greater than 10 hours/week OB including delivery room responsibilities Exposure to Cardiac Catherization lab	
	D Physician Assistant Student	80116
	E. Registered Radiologist Assistant	80116
XVII	A Acupuncturist	80966
	B Acupuncturist Student	80966

EXPENSE PROVISIONS & PERMISSIBLE LOSS RATIO

Countrywide

Premium Expenses

[1] Fixed Expense Ratio	3.2%
[2] Commission Rate	40.4%
[3] Premium Tax	1.8%
[4] Total Premium Expense Ratio [[1] + [2] + [3]]	45.4%

Permissible Loss Ratio

[5] Underwriting Profit Provision [a]	-4.8%
[6] Permissible Loss & LAE Ratio [1 - [4] - [5]]	59.4%
[7] ULAE (as a % of Loss & ALAE)	9.0%
[8] Permissible Loss & ALAE Ratio [[6] / {1 + [7]}]	54.5%

NOTES

[a] From CNA Rate Review as of September 30, 2009.

HISTORICAL LOSS RATIOS & INDICATION

FIRMS

Countrywide

Amounts in \$000's

Loss Year	Earned Premium	Selected Ultimate Indemnity	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	On-Level Loss & ALAE Ratio
[1]	[a]	[a]	[a]	[3]x[4]	[a]	[a]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
1999	2,431	2,621	0.338	885	1,787	0.298	532	1,417	58.3%
2000	3,487	2,579	0.404	1,043	1,424	0.361	515	1,558	44.7%
2001	4,901	8,289	0.485	4,018	5,499	0.439	2,412	6,430	131.2%
2002	7,010	6,314	0.581	3,668	4,348	0.532	2,314	5,982	85.3%
2003	9,902	10,440	0.696	7,270	5,120	0.646	3,306	10,576	106.8%
2004	12,933	6,767	0.835	5,648	4,132	0.784	3,238	8,886	68.7%
2005	16,829	6,962	1.000	6,964	4,084	0.951	3,884	10,848	64.5%
2006	20,769	8,708	1.199	10,439	4,983	1.154	5,751	16,190	78.0%
2007	22,892	8,090	1.158	9,369	5,634	1.123	6,326	15,696	68.6%
2008	23,969	9,034	1.119	10,175	5,796	1.093	6,334	16,509	68.9%
2009	25,406	10,202	1.085	11,074	6,194	1.067	6,609	17,683	69.6%
Total/Avg	150,529	80,067			49,003			111,773	74.3%

Average On-Level Loss & ALAE Ratios

[11] All Years - Excl. High & Low	73.0%
[12] 5-Year Average: 2004 to 2008	70.0%
[13] 4-Year Average: 2004 to 2008 - Excl. 2006	67.8%
[14] 6-Year Average: 2004 to 2009	69.9%
[15] 5-Year Average: 2004 to 2009 - Excl. 2006	68.2%

Expected Loss & ALAE Ratio

[16] Selected Loss & ALAE Ratio [b]	69.1%
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Rate Change Indication

[17] Permissible Loss & ALAE Ratio [c]	54.5%
[18] Indicated Rate Change [(16) / (17) - 1]	26.7%

NOTES

- [a] Earned Premium was used because on-leveling is not available due to a lack of exposure details. The significant increase in premium between 2003-4 was due to a large rate increase. Thus, those earlier years were ignored when selecting the projected loss ratio.
 [b] From CNA Rate Review as of September 30, 2009.
 [c] Judgmentally selected.
 [d] From Exhibit I, Sheet 1, Column [8].

HISTORICAL LOSS RATIOS & INDICATION
INDIVIDUAL ANCILLARY HEALTHCARE PROVIDERS
Countrywide
 Amounts in \$000's

Loss Year	Current Level Earned Premium	Selected Ultimate Indemnity	Loss Cost Trend Factor	Trended Ultimate Indemnity	Selected Ultimate ALAE	ALAE Trend Factor	Trended Ultimate ALAE	Trended Ultimate Loss & ALAE	On-Level Loss & ALAE Ratio
	[a]	[b]	[b]	[3]x[4]	[b]	[b]	[6]x[7]	[5]+[8]	[9]/[2]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
1999	10,777	5,047	1.602	8,084	1,271	1.621	2,060	10,144	94.1%
2000	13,287	4,688	1.541	7,226	2,078	1.546	3,212	10,438	78.6%
2001	15,860	5,129	1.483	7,609	3,542	1.475	5,223	12,832	80.9%
2002	19,763	6,886	1.428	9,830	3,288	1.407	4,626	14,456	73.1%
2003	23,211	9,436	1.374	12,965	5,186	1.342	6,958	19,923	85.8%
2004	24,495	10,450	1.322	13,819	5,367	1.535	8,238	22,057	90.0%
2005	25,500	10,854	1.273	13,813	5,106	1.447	7,390	21,203	83.2%
2006	27,941	8,473	1.225	10,377	4,333	1.365	5,913	16,291	58.3%
2007	29,884	11,168	1.179	13,164	5,674	1.287	7,302	20,466	68.5%
2008	30,096	11,581	1.134	13,138	5,767	1.213	6,997	20,135	66.9%
2009	29,183	11,306	1.092	12,343	5,551	1.144	6,351	18,694	64.1%
Total/Avg	249,997	95,018			47,162			186,639	74.7%

Average On-Level Loss & ALAE Ratios

[11] All Years - Excl. High & Low	75.8%
[12] All Years - Excl. 2009	76.1%
[13] 8-Year Average: 2002 to 2009	72.9%
[14] 7-Year Average: 2002 to 2009 - Excl. 2004	70.7%
[15] 5-Year Average: 2005 to 2009	67.9%
[16] 3-Year Average: 2007 to 2009	66.5%

Expected Loss & ALAE Ratio

[16] Selected Loss & ALAE Ratio [c]	67.9%
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Rate Change Indication

[17] Permissible Loss & ALAE Ratio [d]	54.5%
[18] Indicated Rate Change [(16) / (17) - 1]	24.5%

NOTES

- [a] Calculated by re-rating historical policies.
 [b] From CNA Rate Review as of September 30, 2009.
 [c] Judgmentally selected.
 [d] From Exhibit I, Sheet 1, Column [8].

OVERALL PREMIUM LEVEL CHANGE

Illinois

Group	Number of Policyholders in 2009	Current Level Written Premium in 2009	Expected Premium Change From Filing	Selected Rate Change
		[a]	[3]x[5]	
[1]	[2]	[3]	[4]	[5]
INDIVIDUAL ANCILLARY HEALTHCARE PROVIDERS	3,742	677,021	67,702	10.0%
FIRMS	958	1,533,032	153,303	10.0%
ANCILLARY FIRMS	109	112,131	23,548	21.0%
STUDENTS	2,143	61,116	12,645	20.7%
REST OF PROGRAM	24,310	3,426,043	0	0.0%
TOTAL	31,262	5,809,343	257,198	4.4%

NOTES

[a] Calculated by re-rating historical policies.

**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

ILLINOIS (12) **FILED**

SEP 01 2010

I. STATE ENDORSEMENTS

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

- A. Professional Liability
State Provisions G-123846-C12 Mandatory on all policies
State Amendments G-123829-C12 Mandatory on all policies
State Amendments-ERP G-123812-A12 Mandatory on all claims-made policies
- B. Student Blanket
State Provisions G-144931-A12 Mandatory on all policies
State Amendatory G-144932-A12 Mandatory on all policies
State Amendatory-ERP G-144933-A12 Mandatory on all claims-made policies

II. AMENDED RULES

- A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

The maximum debit or credit to be applied under this plan shall be limited to 25%.

- B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph H. is deleted in its entirety.
- C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph J. is deleted in its entirety and replaced with the following:

- J. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

- D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and

ILLINOIS (12) SEP 01 2010

**COMPANY STATE PAGE FOR
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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

III. RATES

A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS		EMPLOYED	SELF-EMPLOYED
I	A	87	242
	B	102	343
	C	102	286
II		102	343
III	A	106	345
	B	102	286
	C	102	200
	D	102	110
	E	106	345
IV	A	146	390
	B	93	182
	C	115	323
V		172	343
VI	A	172	200
	B	200	343
VII	A	229	1,087
	B	172	200
VIII	A	183	263
	B	166	239
	C	86	86
IX	A	164	467
	B	83	234
X		---	---
XI	A	789	972
	B	1,113	1,376
	C	1,440	1,778
	D	1,768	2,184
	E	275	N/A
	F	592	729
XII		90	154
XIII		68	286
XIV		56	200
XV	A	125	300
	B	450	950
	C	125	330
	D	125	265

**COMPANY STATE PAGE FOR
HEALTHCARE PROVIDERS SERVICE ORGANIZATION
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA**

SEP 01 2010

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

III. RATES (Cont.)

Counties: Cook, DuPage, Madison, St.Clair

XVI	A	5,324	5,324
	B	6,655	6,655
	C	7,986	7,986
	D	156	N/A
	E	5,324	5,324

Remainder of State

XVI	A	4,398	4,398
	B	5,498	5,498
	C	6,597	6,597
	D	156	N/A
	E	4,398	4,398

XVII	A	804	804
	B	156	N/A

B. Student Rates

The minimum rate for an individual healthcare student is \$35, except where otherwise specified in class rate schedule III. A.

C. General Liability

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150 minimum base rate subject to the provisions of rule XIX. F.

D. Student Blanket

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

E. A 10% debit will apply to all Firms except Nurse Practitioner Firms.